

Stafford County Utilities Commission
Meeting Minutes
March 12, 2013

I. Call to order

Chairman Bill Tignor called to order the regular meeting of the Utilities Commission at the Stafford County Government Center on March 12, 2013 in the Board Chambers.

II. Roll call

Cheryl Giles conducted a roll call. The following persons were present: Joyce Arndt, David Bohmke, John Harris and Bill Tignor. Harry Critzer, Dale Allen, Janet Spencer, Deidre Jett and Cheryl Giles were present for the Utilities Department.

III. Public Presentations

There were no public presentations.

IV. Approval of minutes from last meeting

The February 12, 2013 minutes were approved as written.

V. Commission Members' Comments

Mr. Tignor inquired about the advertisement of the public hearing notice for the proposed rate increase. Mr. Critzer responded the public hearing notice would be advertised in the Free-Lance Star newspaper and should include information about the current, proposed, and changes in the proposed rate fees.

VI. Director's Report

Mr. Critzer reported that one nomination was received for the Golden Tap Award. The nominee is Larry Chronister. He is employed by Parsons Engineering, but has worked on several Utilities projects since the mid-1990s. Mr. Tignor made a motion to accept the nominee as the recipient of the award. The motion was seconded by Mr. Bohmke and passed unanimously.

The award will be presented to the recipient at an upcoming Board of Supervisors meeting. Staff will notify the commission when a date is selected.

VII. Unfinished Business

1. Water and Sewer Rates

Mr. Critzer provided information on a condensed 10-year plan for the CIP projects for FY14-FY16 and highlighted two options for funding the CIP. He reported that the average residential customer's monthly water and sewer bill with the proposed FY14-FY16 increases would include a 75% CPI increase and would meet debt ratio #4 by 2018. The average monthly residential bill would increase to \$52.70 in FY14, \$57.44 in FY15, and \$62.61 in FY16. The option 1 rate increase has an additional \$45M in borrows to meet the financial policy and fund critical CIP projects. The option 2 rate increase meets the financial policy requirements only with CIP spending limits to maintain undesignated fund balance of \$5M. Mr. Critzer stated there are critical projects that need to be done and it is imperative those projects are not delayed. Staff recommends option 1 for a 9% rate increase each year over the next three years.

Mr. Tignor asked if the County Administrator recommends the proposed rate increase. Mr. Critzer responded he has not made a recommendation, but has reviewed the consultant's proposal. The rate study presentation will be done at the April 9th Board of Supervisors meeting.

Mr. Tignor commented that the peer localities water and sewer rate comparison is significant information and should be included in the presentation.

Mr. Bohmke asked if option 2 were selected, would the 9% rate increase be sufficient. Ms. Jett responded that the sooner we can get to a one-time coverage, the sooner we would not have to rely on availability fees to cover debt service. All projections include availabilities at 500 EDUs per year rate. If we do not get the projected 500 EDUs per year, we will need to use cash reserves.

Mr. Bohmke suggested that a buffer be built in for the first three years and recommended a 9.5% rate increase for those years.

Discussion ensued about which rate increase to propose to advertise for the public hearing. After the discussion, commission members agreed to recommend advertising a 9.5% rate increase each year over the next three years to include adding 30 days to the 150 days cash reserves.

2. FY14-FY23 CIP

Mr. Critzer reported that staff would like the commission's endorsement of the \$45M borrows. The borrows would cover \$20M in FY14 and a projected \$25M in FY15 and requires the Board of Supervisors approval.

Discussion ensued about including the \$45M borrow with the public hearing for the rate increase. After the discussion, commission members agreed to provide a recommendation at the next meeting.

3. FY14 Operating Budget

Ms. Jett reported that the proposed FY14 Operating Budget was presented at the March 5th Board of Supervisors meeting. It included a proposed 8.9% rate increase, which was estimated to yield about a 7% increase in water and sewer fees. Ms. Jett also provided an overview of revenue and expenditures.

4. Rocky Pen Run Financial Overview

Ms. Jett reported that an additional \$2.3M was spent in February. \$1.7M of it was to Haymes Brothers, \$125,000 was for clearing, and the remaining was for construction management and design cost for the cul-de-sacs and mitigation projects. There is about \$14M in bond proceeds remaining.

Mr. Allen informed the commission that the dam should be topped out by the end of next week and about half of the clearing has been completed.

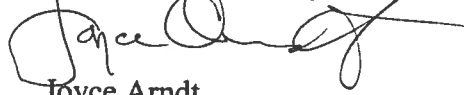
Mr. Tignor commented that at the commission's April 16th meeting a public hearing on the proposed rate increase would be held in the Board Chambers. Following the public hearing, the commission would make a recommendation on the proposed rate increase and on the \$45M borrows.

Mr. Bohmke suggested that the pump and haul discussion for the April meeting be deferred until the May meeting.

VIII. Adjournment

There being no further business, Mr. Tignor adjourned the meeting at 8:00pm.

Minutes submitted by:

A handwritten signature in black ink, appearing to read "Joyce Arndt", written over a horizontal line.

Joyce Arndt,
Recording Secretary